SEVEN-YEAR
DEVELOPMENT PLAN

Osagyefo Dr. Kwame Nkrumah, President of the Republic of Ghana

FOREWORD BY THE PRESIDENT

THIS IS OUR GOAL

The Seven-year Development Plan provides the blueprint for the future progress and development of Ghana as a nation. It is a programme of social and economic development based on the use of science and technology to revolutionize our agriculture and industry. It is designed to provide the basis not only of our national progress and prosperity, but also of our ability to contribute to the advancement of the African continent.

Our aim is to establish in Ghana a strong and progressive society in which no one will have any anxiety about the basic means of life, about work, food and shelter; where poverty and illiteracy no longer exist and disease is brought under control; and where our educational facilities provide all the children of Ghana with the best possible opportunities for the development of their potentialities.

President of the Republic of Ghana.

GHANA

SEVEN-YEAR DEVELOPMENT PLAN 1963/64–1969/70

INTRODUCTION

Ghana has one of the highest living standards in Africa. Yet we cannot be satisfied until our resources, human and material, are so developed as to relieve our citizens of the worst forms of physical drudgery and to enable them to develop their cultural and spiritual personality to the full. Moreover Ghana's aspirations in international affairs require that she and the rest of Africa become economically powerful.

Therefore economic development is the most important task in this new era of social reconstruction. This Seven-year Plan and subsequent ones are the devices by means of which this development will be guided and propelled.

Why have a plan ?

Why does Ghana, or any other country, need to have a Development Plan? Surely countries in the past have got along perfectly well without a Plan (and some do even now).

The reason is basically that to run a country in this modern age is a very complex undertaking. In order to control anything complicated, whether it be an organisation of people or a piece of machinery, one needs to know the scheme behind it, or the pattern on which it is built; one needs to know what it is supposed to do and how it should do it.

For Ghana, which is in the process of developing into a country with a complicated modern economy fitted into the complex of international trading arrangements, and which intends to do this in as short a time as possible, it is necessary to plan this development, if it is to be achieved with the greatest speed and at the least possible cost.

What is an economic plan ?

An economic plan is essentially a programme of how the country's economy is to be developed during the plan period from its present state.

Obviously the pre-requisite for this planning is an idea of what the country wants its economy to look like by the end of the plan period. Hence the need for agreed political and social aims as a foundation for building economic plans.

Therefore we need two main items before we start making a plan. First, a picture of what the economy looks like today; second, a picture of what we want it to look like at the end of, say, seven years.

So far, this makes it sound a rather simple process. The difficult part comes in deciding first, whether what we want is possible in total, and second, whether all of the various things we want, for example, more hospitals, more schools, more industries, mechanised farms, are possible at the same time.

In practice we have to develop all aspects of the national life to some degree during the period of a development plan. But we must identify those areas on which we need to concentrate our efforts, in order to achieve the maximum speed and economy in pursuing our long term goals. These are the *priority sectors* which should be revolutionised during the plan period while other sectors are developed at a more normal speed.

What an economic plan should do, therefore, is to enable a country to choose rationally, and to make clear what is involved in this choice, between the many desirable aims of economic development.

CHAPTER 1

PRESENT POSITION

Ghana starts the Seven-year Development Plan period with an economy which is mainly agricultural. Six out of every ten working Ghanaians are employed in agriculture and it is estimated that more than half of the national income of Ghana is produced by agriculture.

PROPORTION OF WORKING POPULATION ENGAGED IN AGRICULTURE, 1960

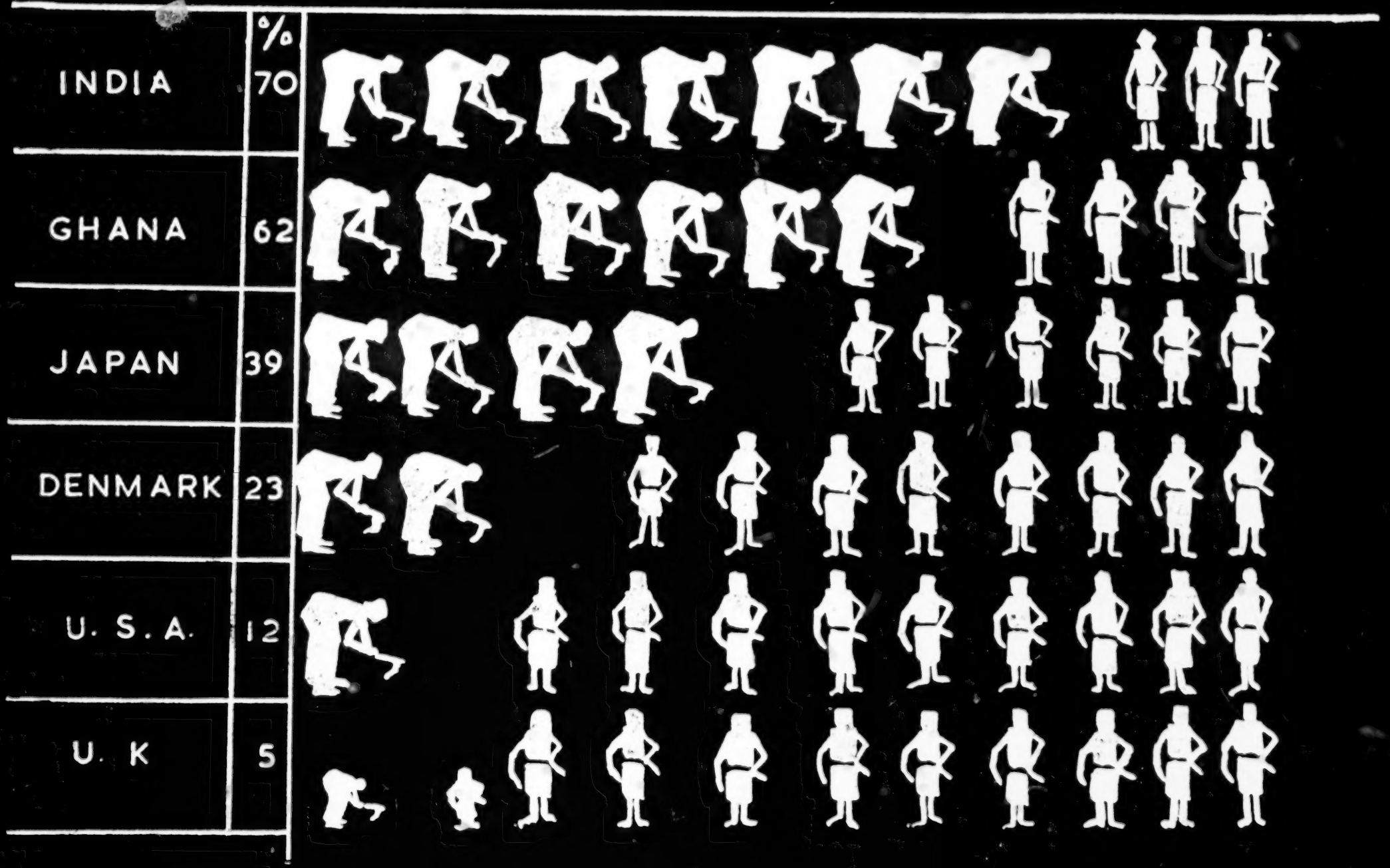
	%	*Per Capita National Income*
		£
India	70	25
GHANA	62	70
Japan	39	121
Denmark	23	370
U.S.A.	12	801
U.K.	5	384

From the table we can see that the pattern seems to be: the richer the country, the smaller the proportion of the working population engaged in agriculture. Why is this, and how is it possible ? The reason is that by raising the productivity of agriculture—using better methods, seeds and equipment—a much higher output has been achieved, using less labour, and thus releasing people to go to other forms of work.

It is in these other forms of work, particularly in manufacturing industry, that the fastest rates of growth have been achieved, in countries throughout the world. This is why a country such as ours, which aims to develop economically as quickly as possible, must increase the size of the industrial sector of its economy.

To do this, however, involves a transformation of agriculture, since a relatively smaller number of workers in agriculture must provide enough food to satisfy, either directly or through trade, the needs of the whole population. And while the re-distribution of employment from the land to the factory is going on, the agricultural sector of the economy must provide both a home market for the manufactured goods, and a substantial part of the savings needed to finance the cost of industrial development. Therefore a great burden and responsibility for the success of economic development in Ghana rests on those in the community who are engaged in any way in agriculture. The history of other developing countries shows that this transformation of agriculture is an essential pre-requisite for that sustained growth in national income which is the hall-mark of success.

Poor Countries have much of their labour locked up in Agriculture
(Proportion of Working Population engaged in Agriculture 1960)



In broad terms then, during the next seven years, Ghana must expand her agricultural output and at the same time build a growing industrial sector. This modern industrial development will provide the basis for the expansion of national income needed to pay for the high standard of social services to which the government has committed itself. In order to run a modernised agriculture and a large number of new industries we need above all a skilled labour force and efficient managements.

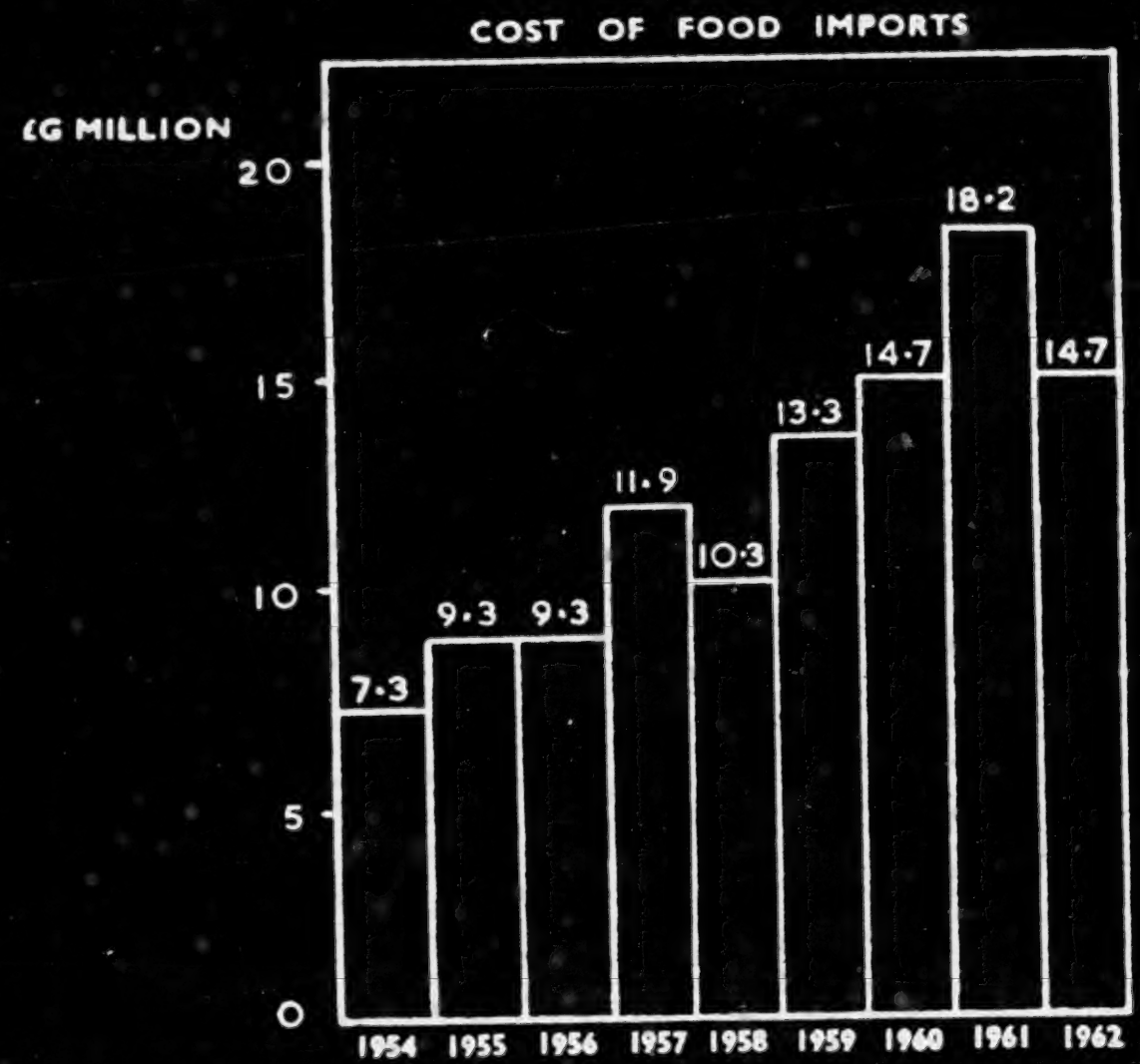
Therefore this Plan accords the highest priority to agriculture, industry and education as the sectors which must undergo revolutionary change.

A most important fact about this programme of economic development is that it requires lots of resources—material, human and financial—and the Plan is the means of so organising them as to make the maximum use of them and to avoid unnecessary waste.

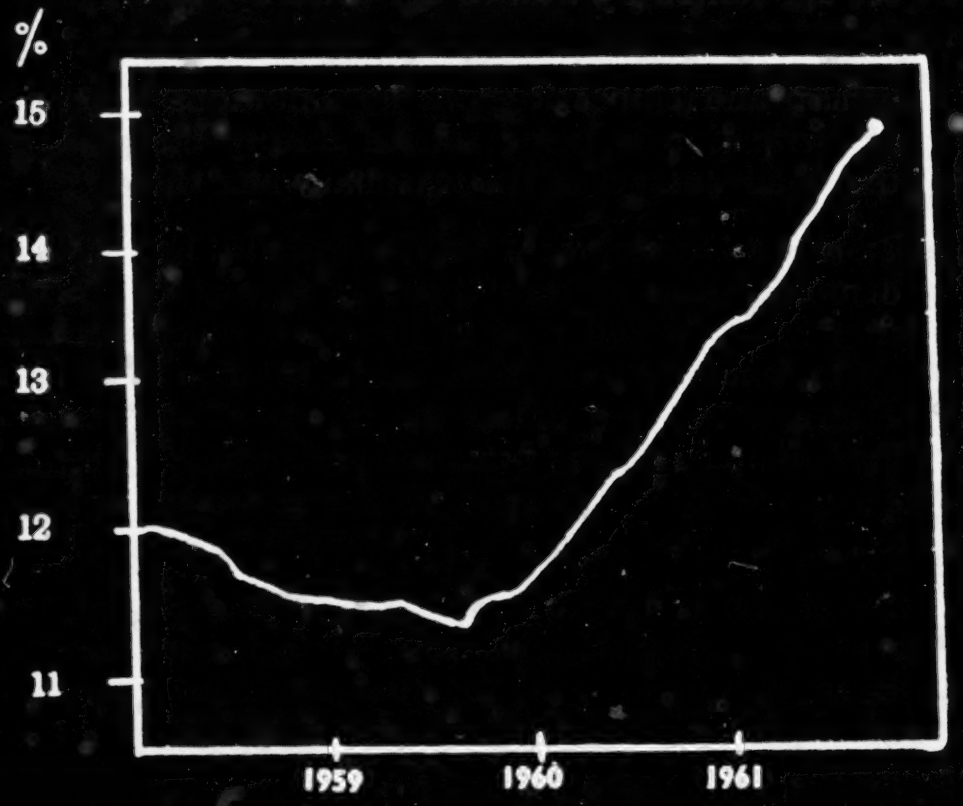
CHAPTER 2

AGRICULTURAL DEVELOPMENT

Ghana's imports of food during the last eight years have risen enormously. The diagrams show how much of our hard-earned foreign currency is being spent on food from abroad. It is therefore a measure of one of the tasks facing agriculture during this period of economic development—the need to feed Ghana as far as possible from our own resources.



FOOD AS PROPORTION OF IMPORTS



In order to provide more food at reasonable prices, the comparatively low productivity of the Ghanaian farmer must be raised very considerably. The reasons for the low productivity are not hard to see. Husbandry practices leave much room for improvement. Often the farmer works too small an area. In some parts of the country seasonal scarcity of water limits production. The available stock of seeds and animals is generally of poor genetic quality. Agricultural credit is not readily available. There is in many areas and for many products no suitably organised distribution and marketing system that is adequate to cope with the potential supply. Many farmers are themselves inadequately nourished and their resulting ill-health limits their productivity.

To overcome these handicaps will require energetic, sustained and well-organised efforts. The encouragement given to private farmers to join together in co-operatives will enable them to have access to modern machinery and techniques which would be beyond their individual resources. In addition, State Farms and the Agricultural Wing of the Workers' Brigade will farm on a much larger scale than before in Ghana, using trained managers and capital equipment. They are intended to secure rapid results from the use of new advances in agricultural science, which individual farmers are usually more slow to adopt, and to make useful contributions to the targets of agricultural production.

As far as the individual farmer is concerned, the practice of shifting cultivation, combined with the lack of mechanical power, sets very low limits to the acreage worked by farmers on the average. Crop rotation systems and fertilisers are ways of maintaining soil fertility, and if these were used there would be no need for the farmer to shift and clear fresh land every three years or so. These new methods are being demonstrated in various parts of the

country. They will be propagated by the Extension and Development Service which will be set up, staffed by trained agricultural officers and operating all over Ghana.

In the Northern and Upper Regions an ambitious programme of water conservation and irrigation is being started during the plan period, which will overcome the disadvantages of the seasonal water shortages.

The Extension and Development Service will also have as one of its main functions the demonstration to the Ghanaian farmer of the virtues of the improved varieties of seeds and type of livestock which agricultural science has produced. The generous provision made in this Plan for agricultural research will be largely nullified unless the results of successful research are utilised in the field. Better farming practices are another instance of available knowledge which requires an extension service to make its benefits obvious and attractive to the farmers.

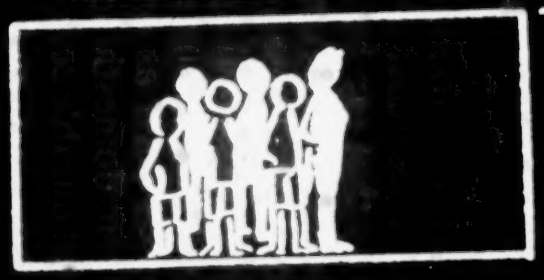
The Ministry of Agriculture will, during the plan period, encourage and co-ordinate the various organisations responsible for marketing agricultural produce. The Bank of Ghana will, together with the National Investment Bank, organise a system of agricultural credit, using the facilities of the commercial banking system.

In all these and other ways, it is planned that agricultural productivity in Ghana shall be increased to provide greater supplies of food and export products. There will be a concentration of effort on the most strategic necessities, rather than a diffusion over a large number of possibilities. For example, commodities like cereals and fish, which fill basic nutritional requirements, or sugar and cocoa, which help the balance of payments position, or better still, those like rice which do both, will be the key points in the policy for agricultural development during the Plan.

To carry out this programme to transform Ghana's agriculture, £67 millions are allocated for investment by the Central Government. The fact that nearly £12 millions are to be spent on the development of fishing illustrates the policy of strategic concentration of effort. In all these ways, the private farmers will be encouraged to redouble their efforts, which in the past have been the foundation of Ghana's prosperity.

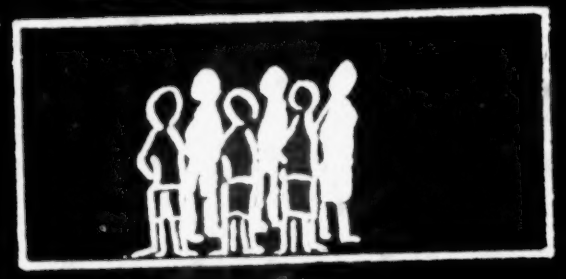
In order to produce enough food and raw materials to meet the targets of the Plan private farmers will need to invest another £110 millions of their own money to expand and modernise their farms.

STATE FARMS



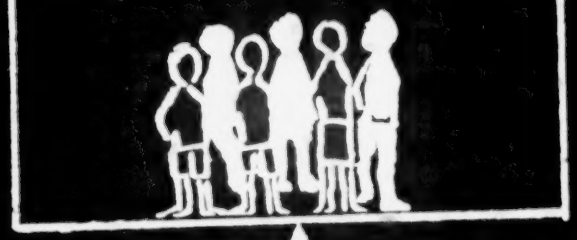
MORE FOOD

WORKERS BRIGADE



EXTENSION & DEVELOPMENT SERVICE,
BETTER SEED AND STOCK,
IMPROVED FARMING, IRRIGATION,
MARKETING & AGRICULTURAL CREDIT.

CO - OPERATIVES



PRIVATE FARMERS TO JOIN CO-OP

CHAPTER 3

INDUSTRIAL DEVELOPMENT

We have already seen the dominant part played by agriculture in Ghana's economy. The relatively small contribution of the industrial sector is itself mainly derived from small-scale establishments employing mostly family labour and using little capital or equipment.

Of Ghana's large-scale industry the largest share is still held by mining and construction. Each of these contributed 35 per cent of the net output (value added) in all industries in 1959. This is a pattern of industry which is typical of the initial stages of development, with the extractive industries entirely orientated towards export markets and a construction industry highly occupied with the building of social amenities such as roads and bridges, houses, offices, hospitals and schools.

During the plan period, Ghana intends to develop the large-scale industrial sector considerably by:—

(*a*) Setting up industries wherever practicable which will provide domestic substitutes for the manufactured staples of consumer demand, the supply of which has at present to be imported;

(*b*) Processing wherever economically feasible, those agricultural and mining commodities that are now exported as primary products, such as cocoa, timber and gold;

(*c*) Setting up industries to provide materials for the building industry, in order to conserve foreign exchange, and to lower costs of construction;

(*d*) Setting up, as appropriate, basic industries in the fields of metals and chemicals;

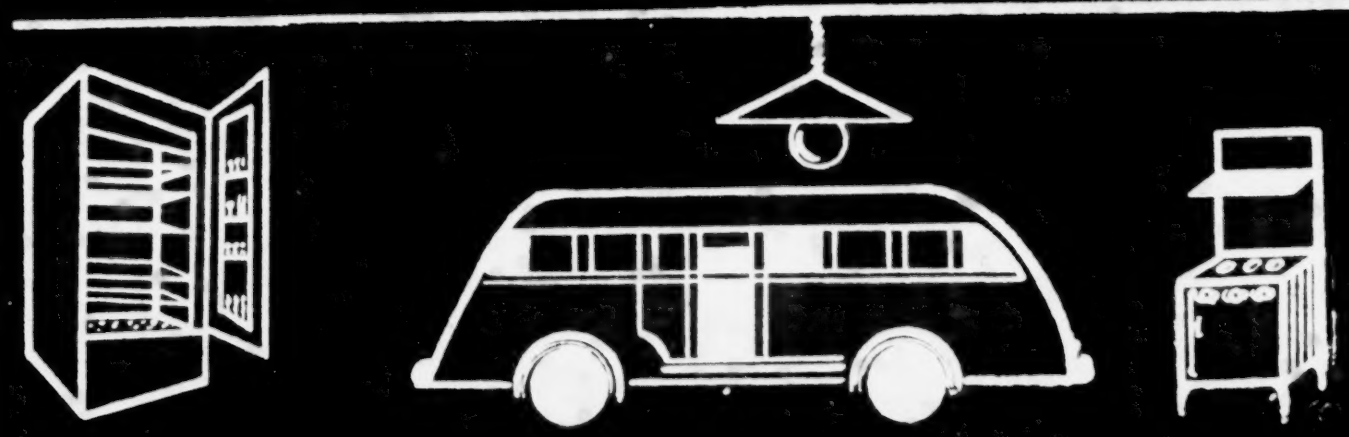
(*e*) Starting the development of other basic industries which will form part of later stages of industrialisation in subsequent plans;

(*f*) Planning industrial development in harmony with the development of other African countries.

Of total imports in 1962, 42 per cent was in the form of food, drink, tobacco, textiles, clothing and other consumption goods. These cost a lot of money—nearly £G50 millions in 1962. The more industries that can be set up in Ghana successfully to produce substitutes for these goods, the more money will be available to import raw materials, fuel and equipment. These cannot yet be produced in Ghana, but they are essential for the industrial and agricultural development that is the object of the Plan. It is hoped that by the end of the Plan most of Ghana's demand for consumption goods such as textiles, shoes, tinned meat and fish, drinks and sugar will be met from domestic sources of supply. It is also intended that, by that time, some items of durable consumers goods such as refrigerators, electric bulbs, cookers, fans, cars and buses will be assembled in Ghana. This will save some foreign exchange and will be the first step to the local manufacture of these goods.

Light Consumer Goods from Domestic Sources

Some Durable Consumer Goods Assembled in Ghana



By processing materials which are at present exported in their primary state, Ghana will obtain several advantages. First, it will increase the earnings of foreign exchange, since the goods will be sold at a higher price than those in the raw state. Secondly, it will increase employment. And, thirdly, it will tend to widen the range of our customers, thus spreading the risks of unforeseen and large fluctuations in our sales to individual countries abroad, which are the bane of primary producers.

Costs of construction in Ghana are very high, due mainly to very low productivity, but also to the use of imported materials, which are very much more costly than domestic substitutes would be. Clinker mills will be established during the Plan period which, by grinding imported clinker into cement, will save some amount of foreign exchange. Increasing use of local bricks, tiles, aluminium sheets and wooden window frames instead of imported cement, asbestos sheets, galvanised iron sheets and aluminium window frames will contribute to the reduction in building costs and the saving of foreign exchange. Standardization and mass production of components for building, especially houses, will be other important ways of achieving these economies.

One of the main reasons for industrialising along the lines described is to save foreign exchange, which will be released for the import of machinery, equipment and fuel. Already a refinery has been built at Tema which will reduce the foreign exchange costs of fuel. By the end of the plan it is expected that a start will have been made on other industries providing materials for industry, such as a basic chemicals industry.

Volta Project

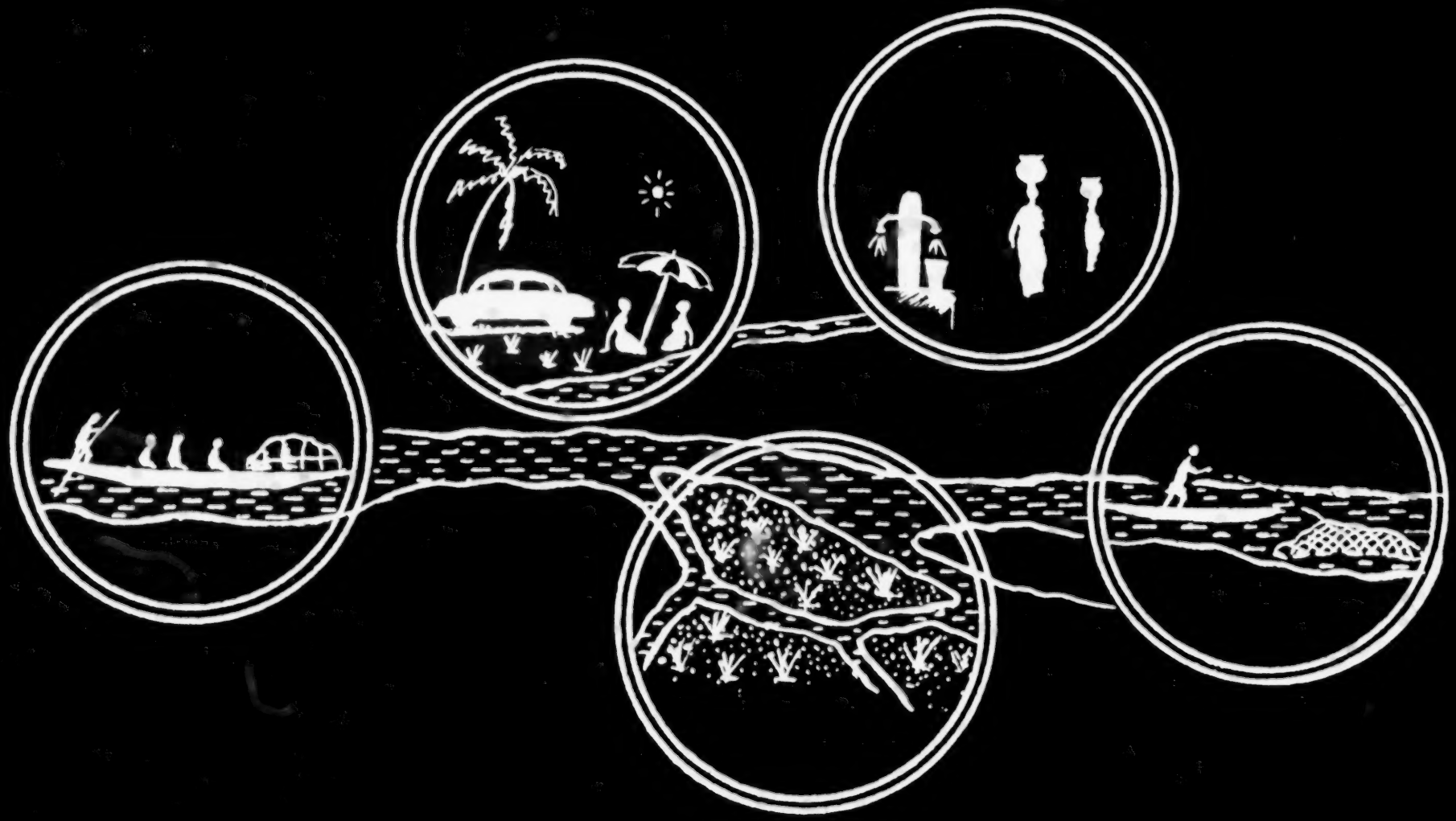
This is the keystone of Ghana's industrial development and is the largest item of investment in this plan. The Hydro-Electric Project, originally estimated to cost £70 millions, will in fact only cost about £56 millions, due to the savings which have been made by putting the work out to competitive international tendering. About £G59 million will be invested in the aluminium smelter, and another £7 million will be spent on connected developments.

The Volta Lake will begin to fill in 1964, and by 1966 the electricity from the first four generators at Akosombo will be available to the aluminium smelter at Tema, and other industrial and private consumers in the area between Tema, Takoradi, Kumasi and Akosombo. Later on two more turbines will be installed, to bring the total installed capacity of the Volta dam up to 883MW. Plans are also ready for a supplementary dam at Kpong which will raise electrical capacity on the Lower Volta to a total of around 1000MW. At present the whole electrical capacity of Ghana is 123MW. Thus the Volta scheme will change the power situation completely.

The availability of plentiful supplies of relatively cheap electrical power will be an important attraction to industries being set up in West Africa.

The Volta Lake will itself be used for transport, for fishing, as a tourist attraction, for water supplies, and, depending on studies being made, for irrigation purposes.

The Volta Lake will be used for transport, fishing, tourism, water supply and irrigation



CHAPTER 4

SOCIAL AND PUBLIC SERVICES

In Ghana's first two plans—the First Development Plan and the Consolidation Plan—which covered the period 1951 to 1959, 86 per cent of the planned investment was in social and public services.

Among the social services development was concentrated on education and community development, health and housing. Among the public (or infrastructure) services the emphasis was on roads, railways and harbours, including Tema, posts and telecommunications, electricity and water.

As a result Ghana has today a relatively high standard of such services. Much still remains to be done before they reach the high level which is the government's aim, and 50 per cent or about £G240 millions of the Seven-year Development Plan expenditure will be devoted to these services. But due to the earlier expenditures Ghana will not, like many other developing nations, be held back in her economic development by the inadequacy of her public services.

The main aims of investment in the social and public services during the plan period are the elimination of bottlenecks and the promotion of maximum efficiency in the use of existing facilities. To this end, close co-ordination among projects in the various fields will be fostered. Advantage will be taken of the size and number of similar projects, for example schools and hospital buildings, to obtain the advantages of standardisation of components, bulk-buying, and progressive improvements in design.

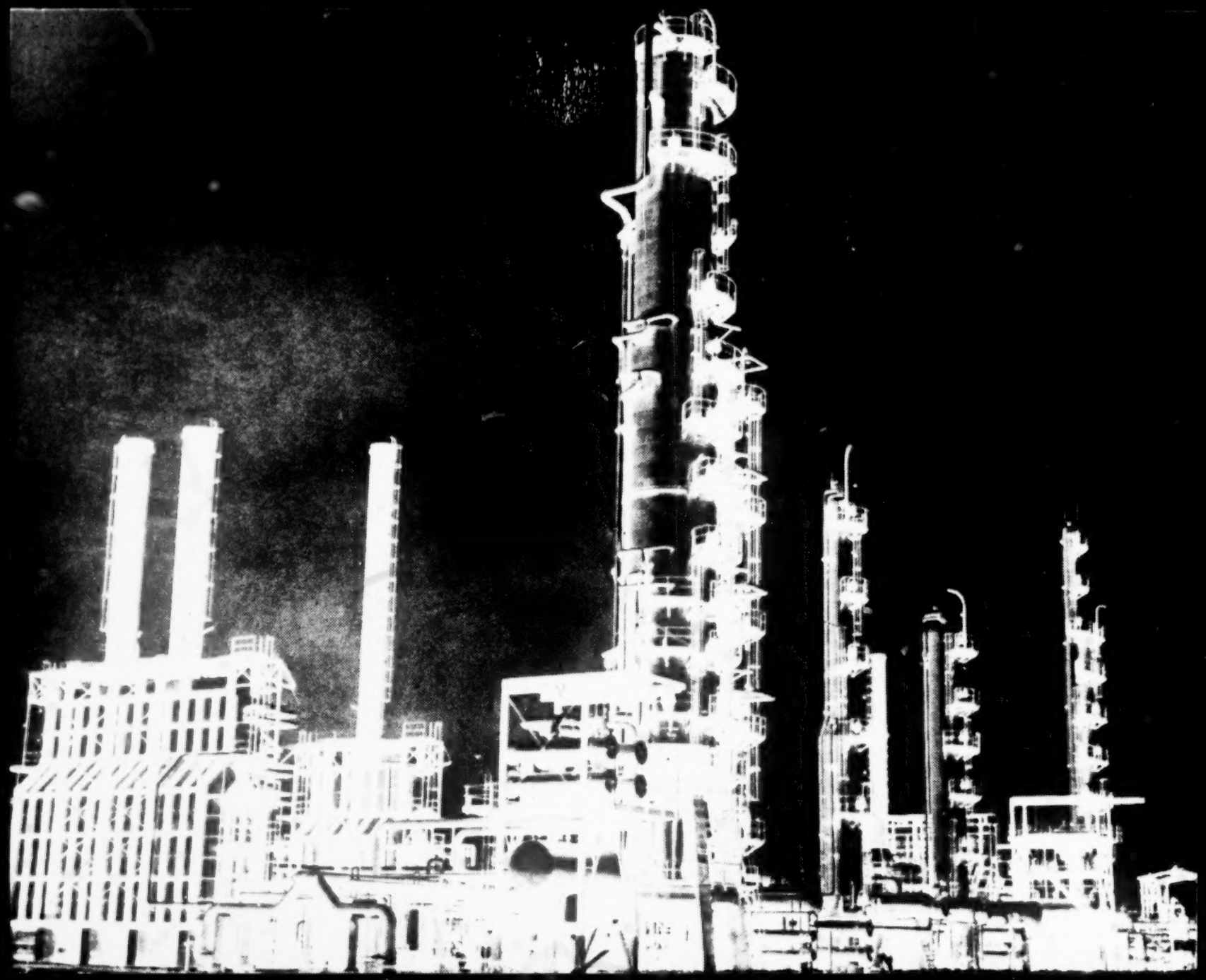
A—Transport and Communications

A co-ordinated transport and communications policy is planned, which will include the extension of both the net-work of trunk roads and the feeder roads system. In addition, extensions of the rail system from Awaso to Sunyani and from the Shai Hills to Akosombo are planned. The formation of the Volta Lake provides the opportunity for creating a water-borne transport system between north and south Ghana for the bulk slow-moving traffic for which it is the cheapest available method. The formation of the Lake will also necessitate the creation of lakeside ports, re-siting of roads and bridges, and installation of new feeder roads and rail lines. A new fast ferry service at Yeji will be installed.

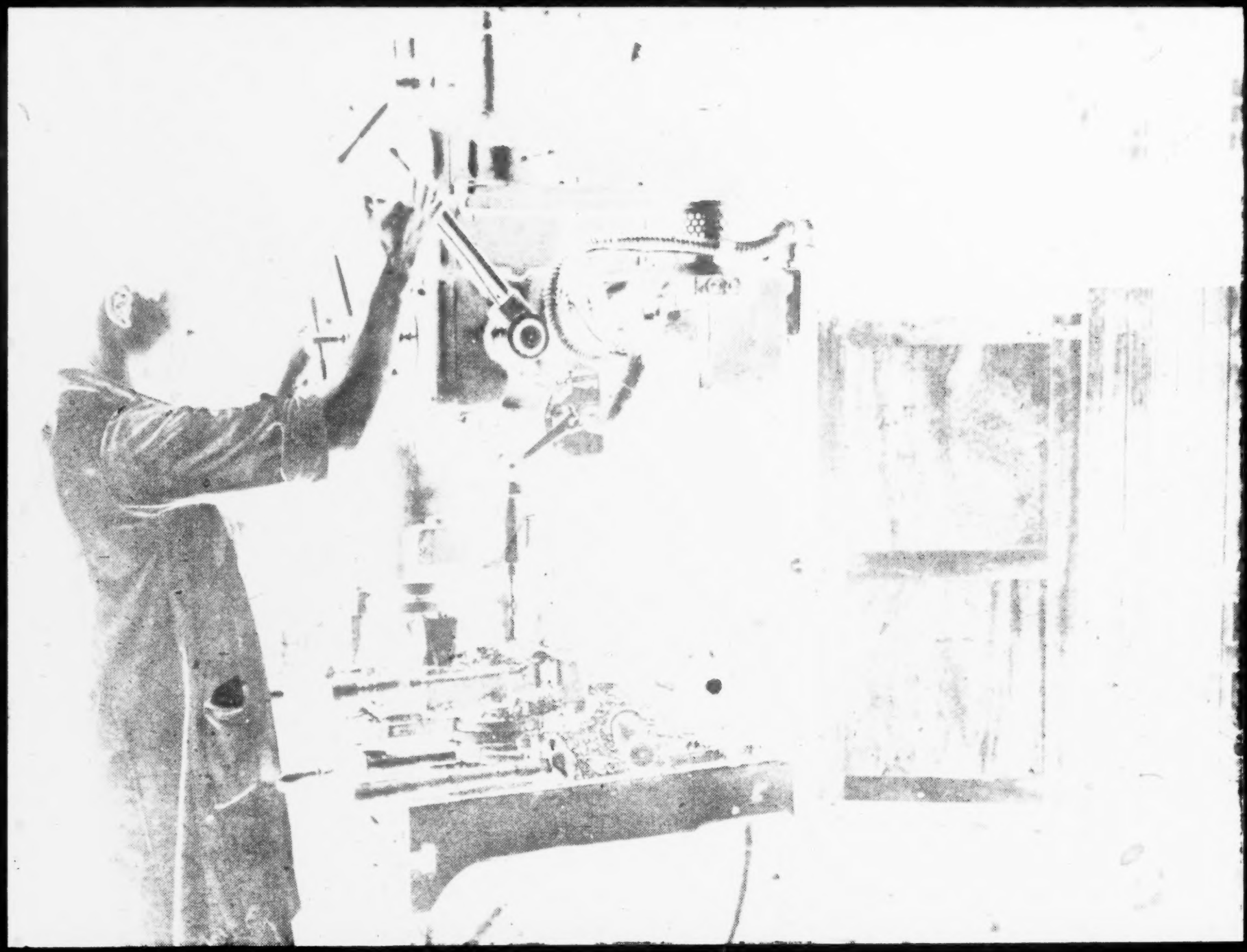
All regions of the country will benefit from the projects to be carried out under the Plan, although the timing of the construction of particular roads and bridges will be based largely on economic factors, and priority is given to those vital for industrial and agricultural projects included in the Plan.

Air services in Ghana will be consolidated and modernised during the plan period, and attempts will be made to make Ghana Airways operate without the need for large subsidies by 1970. For this purpose Ghana will co-operate with other African countries to form a joint international airline as soon as possible.

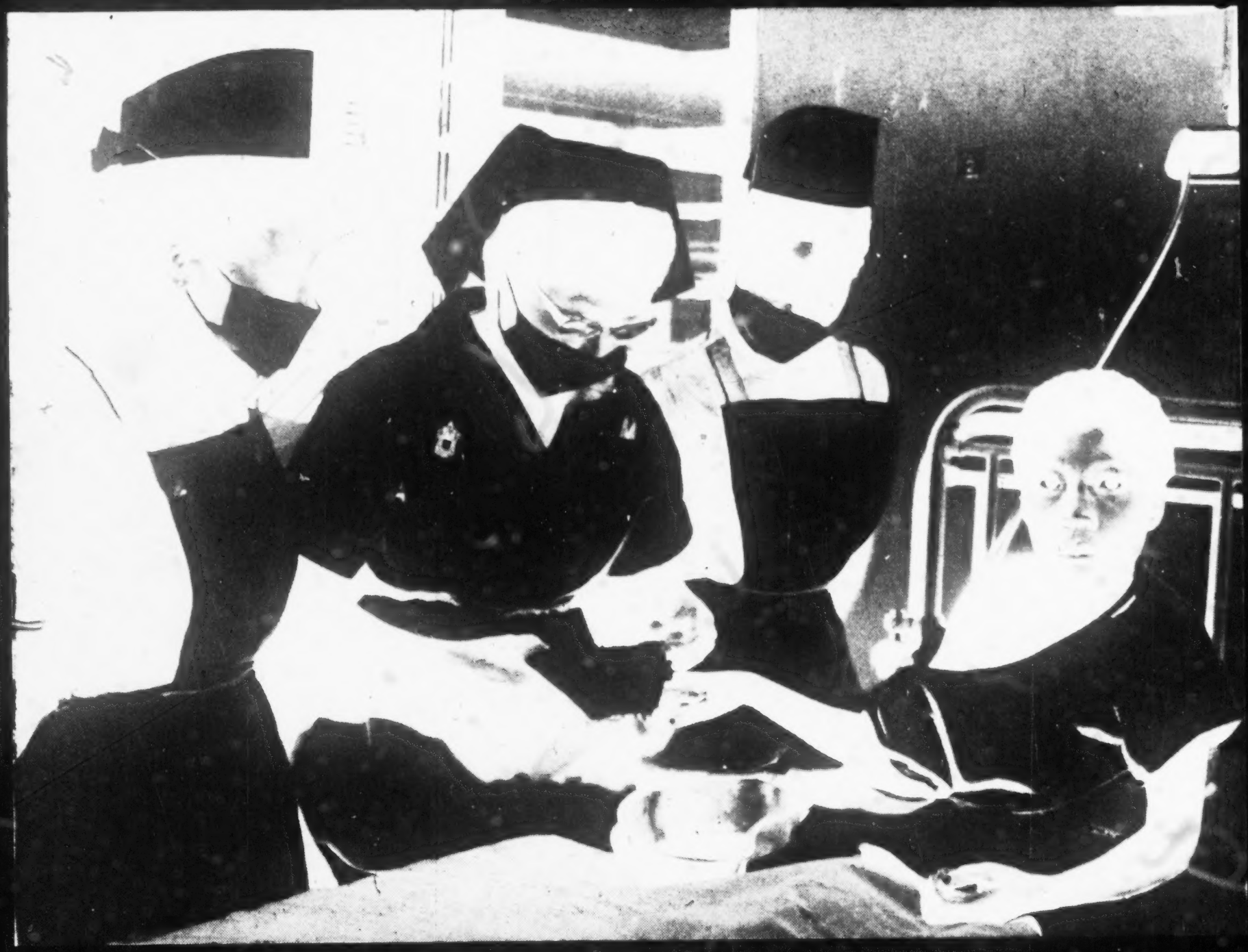
Irrigation for rice cultivation at the Happy Valley State Farm (near Bolgatanga).



The Oil Refinery at Tema.



A student at a practical class in Lathe-Turning at the Government Technical School, Takoradi



A patient being treated for sore at Korle Bu Hospital.

Towards a United African Airline

As the volume of Ghana's external trade increases and more of this trade is carried in the ships of the Black Star Line, it is hoped that it will make a significant contribution to the balance of payments.

Tema harbour was already by 1962 handling 23 per cent of the total tonnage passing through Ghana's ports. With the closing of Accra harbour, and the projected industrial developments in the eastern part of the country, this share is likely to increase. Extensions to the fishing harbour and provision of some dockside repair facilities are also contemplated.

B—Electricity

Government intends eventually to make available electricity to all homes in Ghana. A great step towards this aim will be taken in 1966 when electricity from the Volta Project becomes available to southern Ghana. Until then some expansion of the existing diesel-driven plants will be necessary in order to keep pace with demand.

When most of southern Ghana is being supplied by power from the Volta, the surplus thermal capacity will largely be transferred to supply centres outside the area of the grid, thus considerably enlarging the scope of the rural electrification programme.

Within the grid area, it seems likely that for many years to come there will be ample supplies of electricity, thereby eliminating a common power bottleneck in economic development.

C—Water Supply and Sewerage

As with electricity, it is the ultimate aim that good and abundant water should be available to all parts of the country. At present only one-sixth of the population enjoys good drinking water; the rest rely on natural sources which are often polluted and unsafe for drinking.

The development of water supplies to the rural areas during the plan period will consist of reservoirs and artificial ponds in the Northern and Upper Regions, and other dry parts of the country, and bore-holes and wells where possible. £G2 millions have been allocated for these projects. Not everybody can be served from these resources, and planned industrial and other projects will influence the choice of location.

In addition, the expected growth in the population of the cities and towns, together with expected industrial developments, necessitates expansion of urban water supplies, which in Accra/Tema are already insufficient at times. £G11·9 million has been allocated for this development. In addition, £G4·75 million will be provided for modern sewerage systems in Accra/Tema and Kumasi.

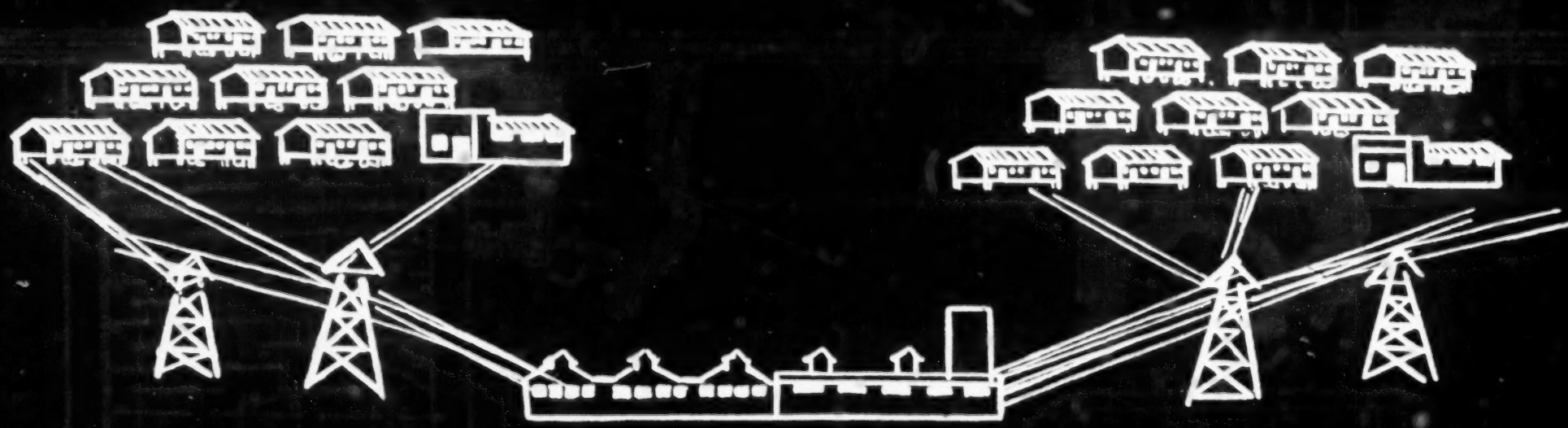
D—Health Services

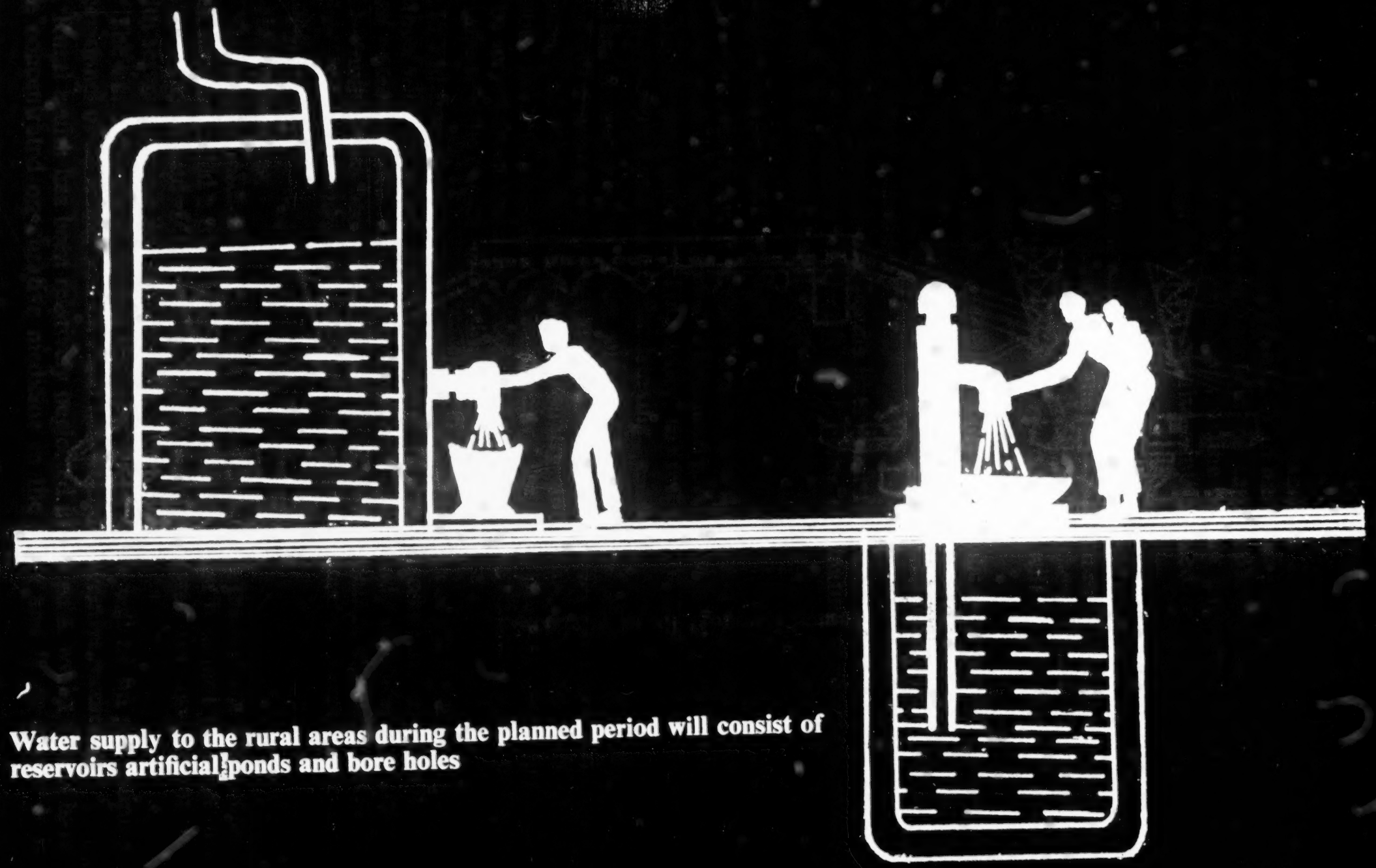
The Ghana medical service has grown rapidly in the last ten years, until it can now be called a truly national health service. But it cannot yet meet the public demand and £G32 million has been allocated for investment in health services during this plan period.

The main emphasis during the next seven years will be on the training of personnel of all levels, and on rural health and preventive medicine.

Rural health has been relatively neglected in the past, whilst efforts have been concentrated on curative medicine in the cities and large towns. It is

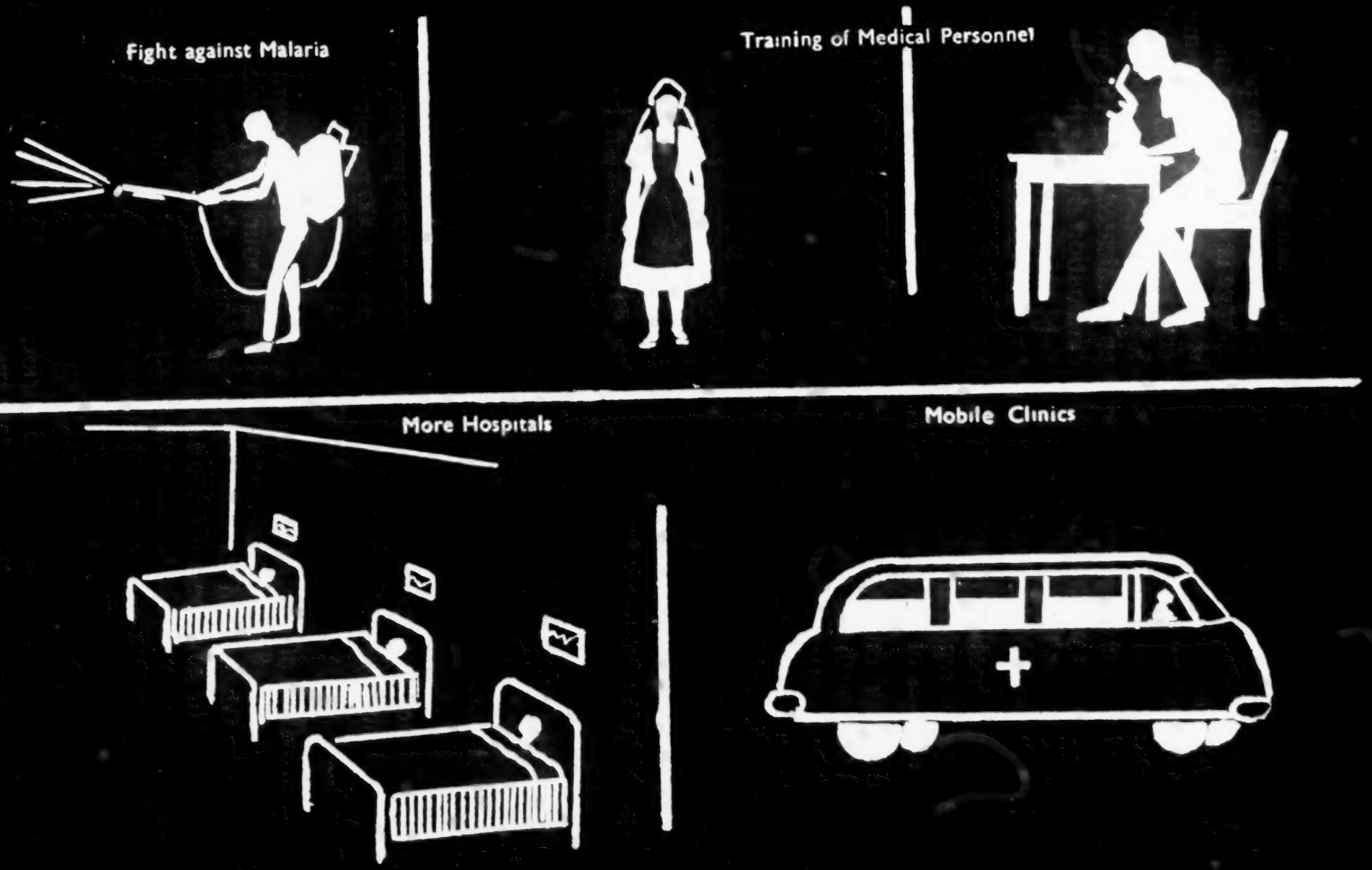
Electricity to all Homes Planned





Water supply to the rural areas during the planned period will consist of reservoirs artificial ponds and bore holes

Improvements in the Health Services



planned to put an extensive net-work of both mobile and permanent health facilities over the rural areas based on the health centres.

Another change of emphasis during this Plan will be from the more glamorous, but economically less fruitful, curative services to preventive and public health services. The reason for this change is that most of the causes of illness and death among Ghanaians today are diseases which are communicable. Some are spread by contact, some by insects and other carriers, and others through water and food. These diseases—malaria, tuberculosis, typhoid, onchocerciasis—can be controlled and even eradicated, and the government intends to begin on programmes for their elimination during this plan period. Malaria will be the first priority; it is already being tackled in pilot projects jointly run by the World Health Organisation and Ghana.

The effectiveness of public health work in Ghana will be increased by the strengthening of regional health services and by the expansion of the health education services of the Ministry of Health.

Another field on which emphasis will be laid is maternal and child care. In every 1,000 births in Ghana 17 mothers die. Out of every 1,000 children born in this country 100 die before they are one year old, and at least 250 do not live to become adults. This is a terrible situation which calls for the most urgent remedial action. Fortunately it is also an aspect of health development in which spectacular results can be expected. Maternity clinics will be established in each health centre and health post, especial regard being paid to the Upper and Northern Regions.

The hospital, dental and mental health services will all be expanded as far as the maximum amount of money available will allow.

By the end of the Plan period it is hoped that there will be:

1 doctor	per 10,000 people
1 nurse	per 5,000 people
1 technician	per 5,000 people
1 health inspector	per 15,000 people
1 health auxiliary	per 1,000 people

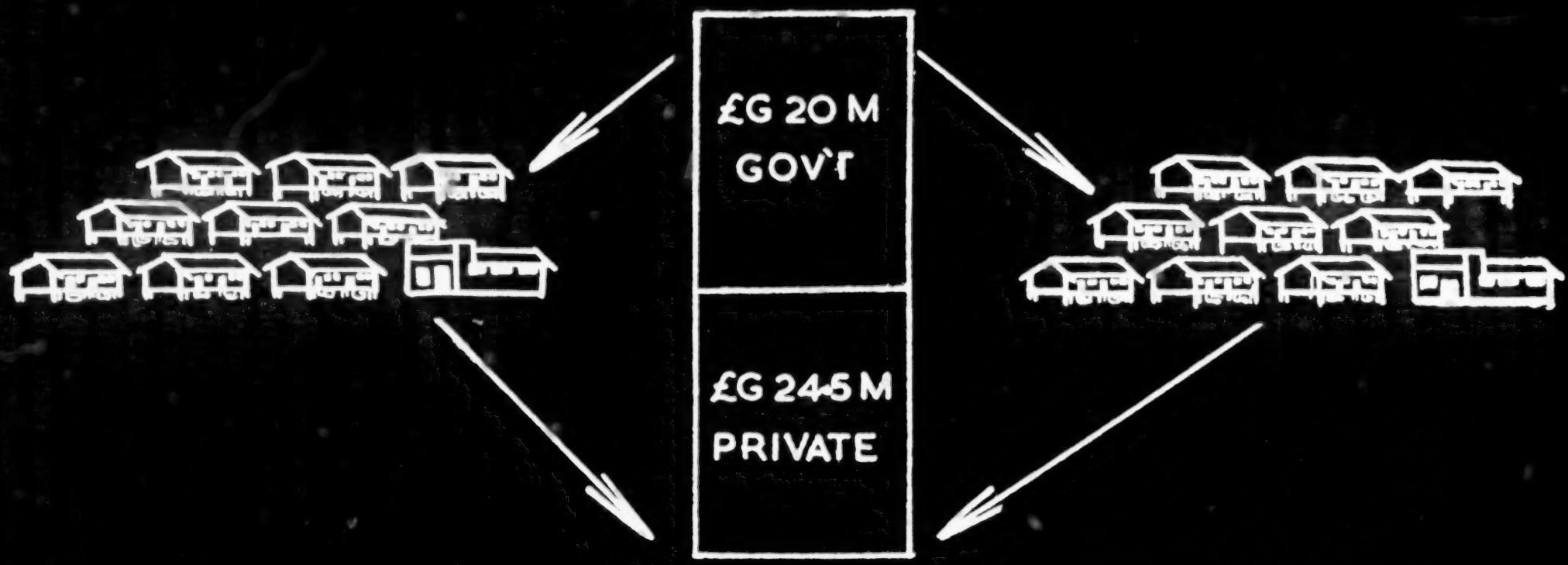
E—Housing

The provision of adequate housing is a major aspect of government policy and an important influence on the productivity of labour. The physical standards of housing in Ghana and its location in relation to the places of work must be improved. The government's housing policy aims at ensuring that adequate housing will be available to meet the requirements of the working force, especially in urban areas, where new economic activities are expected to develop.

The rate of urbanisation in Ghana, as indeed in many other developing countries, has been very rapid in the period after the last war, and there is no doubt that this development will continue.

It means that there is and still will be a great pressure on available housing in urban areas. From 1948 to 1960 the average number of persons per house in the larger cities increased by about 30 per cent to more than 19 persons per house.

Investment in Urban Housing



Houses in cities and towns are more expensive to construct than in rural areas, due to the higher standard and cost of land preparation. Today it costs about £G110 to house a city dweller, about £G70 to house a town dweller and about £G50 to house a village dweller.

It is estimated that the population in the cities (Accra, Kumasi, Sekondi-Takoradi) will increase by about 250,000 persons, and in towns with more than 10,000 inhabitants by 350,000 persons, during the course of the Seven-year Plan. A national housing programme to provide adequately for housing needs is therefore going to be expensive.

In order to prevent unsystematic construction of houses, town-planning will be much more developed, and some re-development of larger cities will be started.

The government had already by 1962 spent about £G9 million on housing construction. But in the coming seven years it will be necessary to invest £G44·5 million, as a minimum, in new houses in the urban areas, of which £G13·3 million will be in houses for those with low incomes. Of this, government intends to provide about £G20 million. Private individuals and business enterprises should provide the rest.

The government will try to arrange to make more funds available for housing by stimulating the flow of loans, through banks, insurance companies, building societies, pension funds and so on, into the house building market. But even then it will be necessary for the government to finance some part of the construction cost from its own resources. Government will try in addition to arrange foreign loans for housing purposes, which will be directly or indirectly channelled to the various house-building agencies.

It is the intention of the government that the existing housing agencies shall continue to build houses and on a larger scale. Besides this, promoters of new industrial plants in Ghana will be encouraged to provide houses for their workers.

The biggest problem of housing in Ghana is its cost. The government has to find ways to reduce the cost of building materials, mainly through the use of more indigenous materials. It is also essential that the construction industry itself be made more efficient. If this succeeds then, as in some other African countries, it may be possible to build houses for workers at a cost of not more than £G350 each.

F—Education and manpower

The success of the Seven-year Plan is finally dependent upon the abilities and the honest hard work of the people who are charged with the responsibility of carrying out the activities required by the Plan. The most perfect plan in the world would fail if personnel with the education, training and experience required to fill the new jobs were not available in sufficient quantity. About 1,100,000 fresh employees are called for by 1970 to fill the new jobs which will be created and to replace those who will leave the labour force during the seven-year period. Of this total, nearly half must be prepared for employment in the skilled and higher level occupations, ranging from artisans, to teachers and other professional occupations. With these heavy demands for trained manpower in mind it is necessary to expand and adjust the educational system accordingly.

Basic changes are being introduced which will result in considerable saving in the time required to complete segments of the educational programme. These reductions in the length of the educational cycles will provide increased numbers of school leavers to qualify for employment within the period of the Plan. The present four-year middle school will be replaced by a two-year continuing school with a strong vocational emphasis. This means that students will be available for employment in eight years, including six years in primary schools, rather than ten years as they now are. The period in secondary school has been reduced from 5 years to 4 years, so that these students will complete their schooling one year sooner. These changes will also reduce the time required for a complete education from primary school to University degree, from the present eighteen years to fifteen years. These reductions will have the effect of making available 300,000 additional employees with varying levels of education before 1970. In addition, the reductions are being carried through without lowering the educational standards. This has been accomplished by the introduction of modern teaching materials and methods and revisions of the courses of study. These basic changes were hastened by the needs of Ghana's development plans; their effects on the society as a whole would however be welcomed in any case.

The table below gives an indication of the rate of educational expansion which is planned during the next seven years.

GROWTH IN SCHOOL ENROLMENT 1963–1970

	Total Enrolment 1963	*Total Enrolment* 1969
Primary-Middle	1,200,000	2,200,000
Secondary	23,000	78,000
Teacher Training	6,000	21,000
Technical	4,000	6,000
Clerical Training	100	5,000
Universities	2,000	5,000

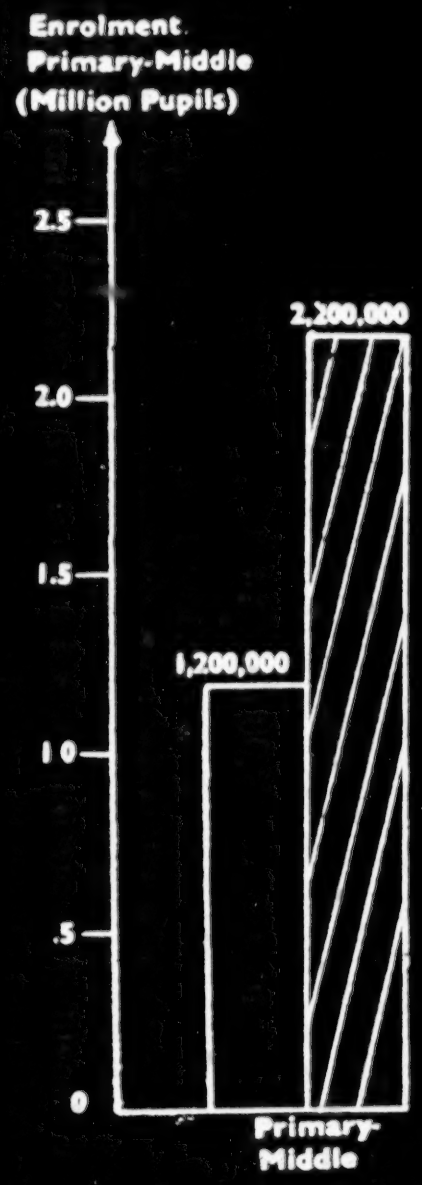
To carry out this expansion programme more than 40,000 additional teachers will be needed by the schools and universities. As a result of the expansion, educational institutions will provide about 850,000 educated Ghanaians ready to take important places in government, business and industry. The outflow from these institutions will be approximately as follows:

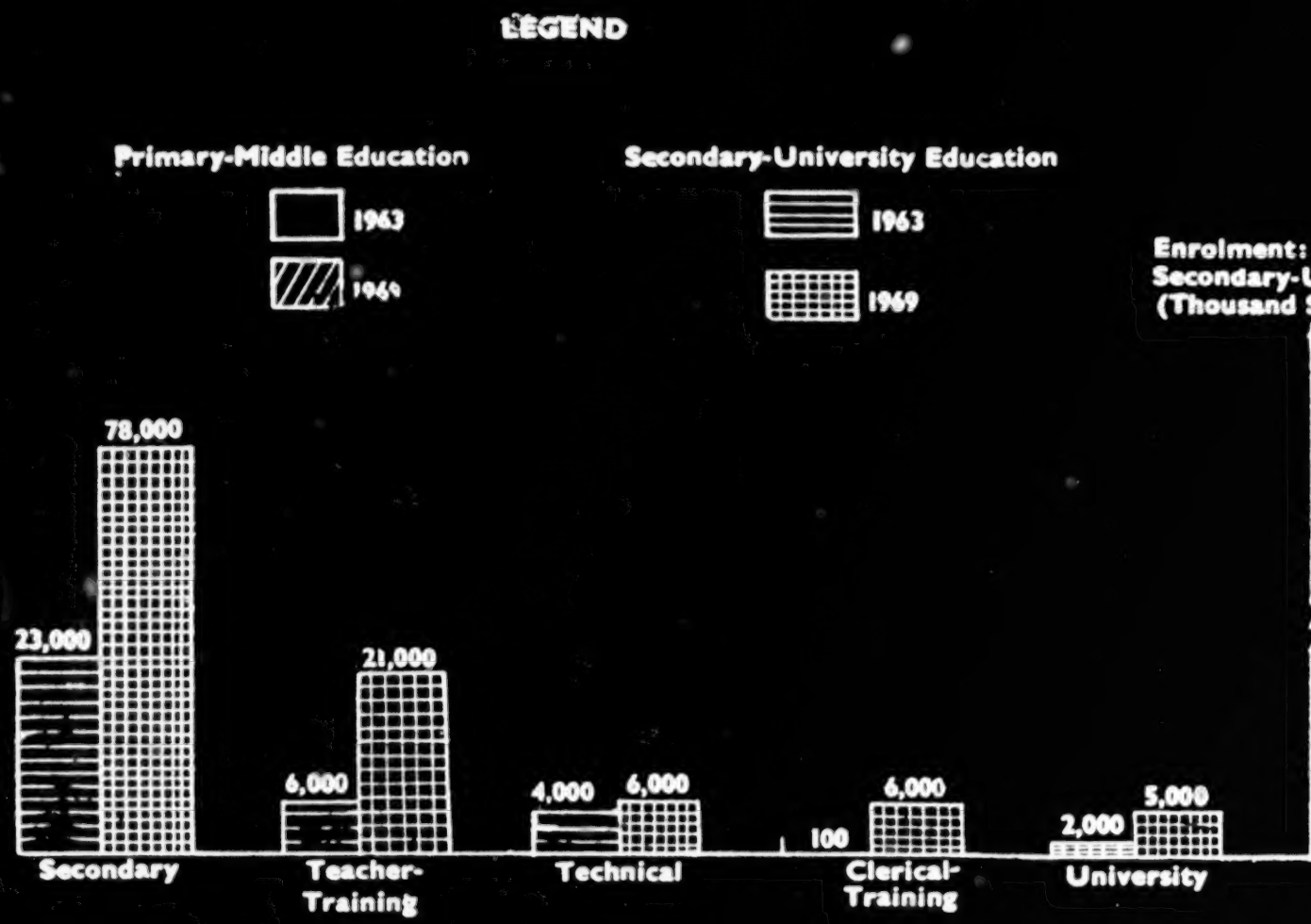
EMPLOYABLE OUTPUT OF EDUCATIONAL SYSTEM 1964–1970

Middle & Continuing Schools	*Secondary Schools*	*Univer-sities*	*Trade & Technical*	*Teacher Training*	*Office Clerical*	*Total*
750,000	46,000	9,000	14,000	31,000	11,000	861,000

Together with those now employed, these 861,000 people will provide the manpower which will make it possible for the Plan to succeed. The buildings and facilities required for the post-primary educational growth will require an investment of more than £G64 million. This investment in the youth and future of Ghana cannot be denied.

Enrolment in Schools, Colleges and Universities will be greatly increased





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The contributions of the educational system to the success of the Plan will be large and important. However, the educational system cannot be expected to solve the entire manpower problem. Even with considerable education the students joining the labour force will be almost totally without actual work experience and they will require training and familiarization in the jobs in which they are employed. The largest share of responsibility must rest, therefore, with those who are now employed, whether in government, commerce, industry or service. It is on their experience and skill that the success of the new projects and institutions must depend. Expanded in-service training programmes and adult education schemes are being organized to assist these employees as they are called upon to take over increasing responsibility as craftsmen, foremen, technicians and managers. The Institute of Public Education, the Workers' Colleges, the Universities and the other specialised institutions are doubling their efforts to make specialised training available on a part-time and off-hours basis.

The employment targets set by the plan are high—over one million new workers will join the labour force. These new workers, some to replace those who will have left, and others additional, are expected to be distributed among the various sections of the economy in approximately the following manner:

Agriculture	*Mining*	*Manufacturing*	*Construction*	*Utilities*	*Commerce*	*Transport*	*Service*	*Total*
300,000	25,000	225,000	105,000	10,000	160,000	85,000	165,000	1,075,000

Inevitably, shortages of personnel with specialised qualifications will develop. Shortages of this type are most likely to occur in the managerial, professional and technical fields, where the number of such personnel is limited and extensive training and experience are required. Nevertheless, the goals can be reached with the full support of the people, the government and the institutions upon which manpower development depends.

CHAPTER 5

FINANCING OF THE PLAN

A programme for economic and social advancement in so many fields, such as we have in the Seven-year Development Plan, is bound to cost a lot of money and to pose problems of financing.

How much will it cost?

Investment throughout the seven years of the Plan will average £G130 million a year. Of this, about one half, or £G68 million a year, will be investment by the government and the rest will be private investment. Various measures, including the recent Capital Investment Act, 1963, are being taken to encourage private investors to achieve the targets set for them in the Plan. In addition, the " direct investment " of Ghanaians in building their own houses, extending their farms and making improvements by individual and communal labour in their towns and villages will be a very significant contribution, as it has been in the past, to the attainment of the economic development which is the aim of the Plan. This " direct investment " should reach an average of £G14 million a year, to fit into the plan framework.

The pattern of Government investment under the present Plan shows striking features, compared with previous Plans, which must be emphasised. These are illustrated on pages 27 and 28.

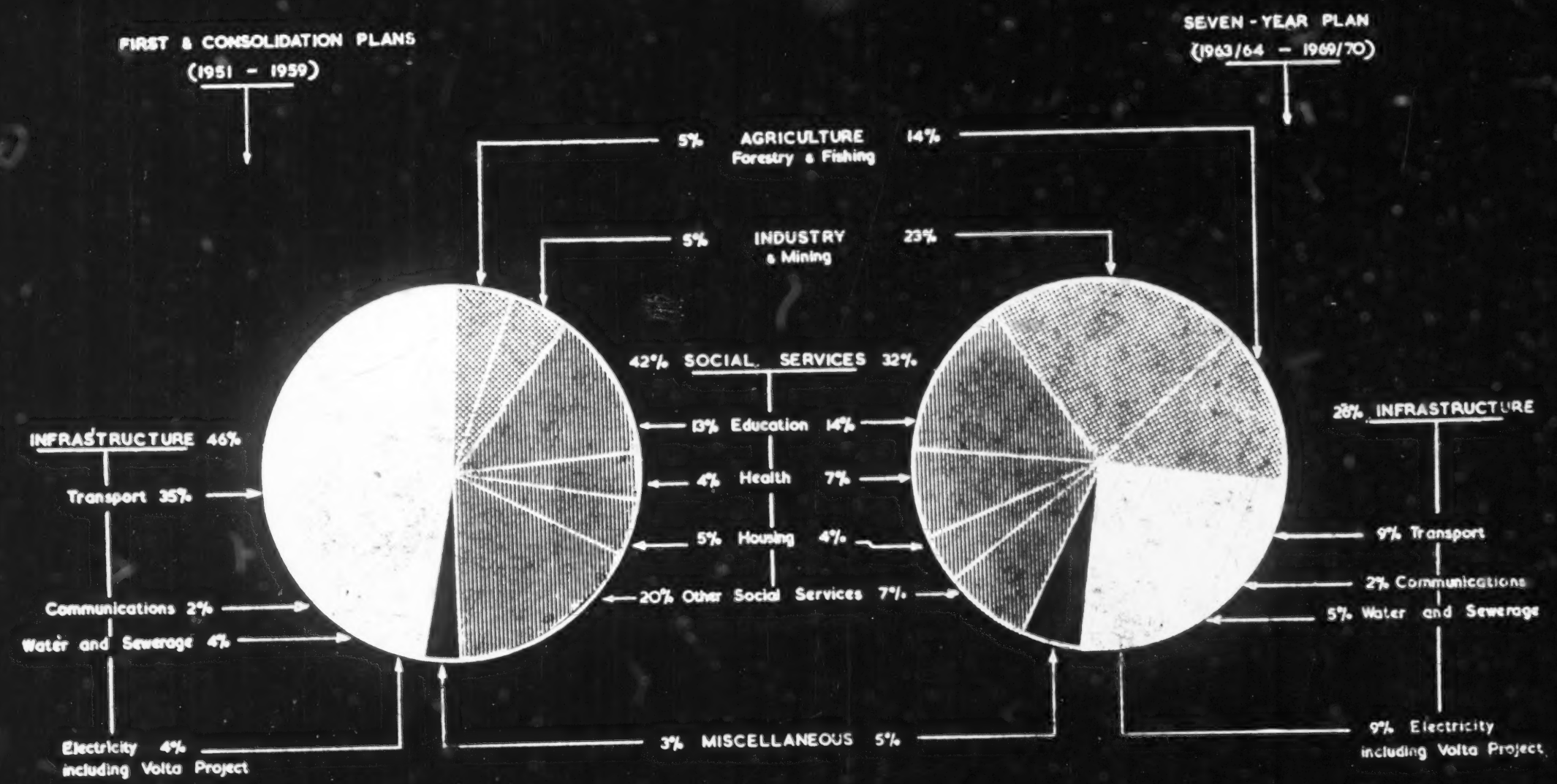
As can be seen, the new Plan rightly places more emphasis on the " productive " sectors, that is, industry, mining, agriculture, forestry and fishing, than did the earlier plans. Of the £G476 millions of Government investment during the Plan period, about 37 per cent will be spent on the " productive " sectors, as compared with only 9·9 per cent of the total investment in these sectors during the First and Consolidation plans, i.e., nearly 4 times as much. In other words, under the latter plans over 90 per cent of Government investment was on the non-productive sectors. The illustration on page 28 sets out more clearly the direction and emphasis of public expenditures as proposed under the Seven-year Plan. The Plan proposes that in the first year, 1963–64, the " productive " sectors will receive 38 per cent; by the end, in 1969–70, they will receive 48 per cent.

Private investment, being the result of a large number of individual choices, is not so easy to allocate among the various sectors of the economy. Private foreign and local investments must total £G540 million over the plan period to fit into the overall framework. The distribution of this aggregate amount in the Plan is meant to be a guide to the sort of pattern which we desire. It is expected that over £G30 million should be invested in mining by the private sector. A total of £G59 million is being invested in the aluminium smelter at Tema. And housing, both urban and rural (and including " direct investment "), should total £G56 million in the private sector.

How do we know whether we can afford to spend this amount?

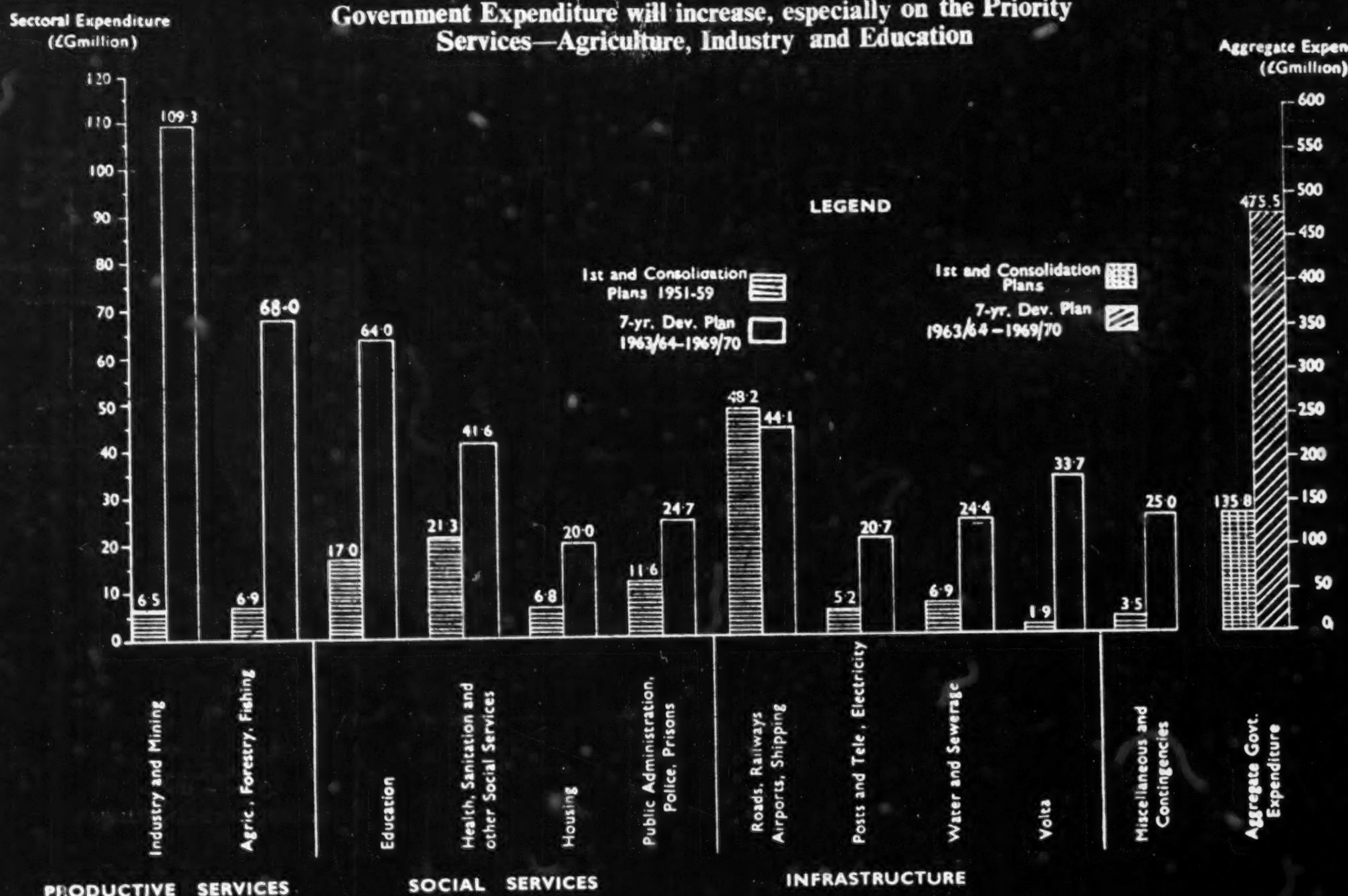
The answer to this question involves some rather complex calculations, which are based on the best forecasts that those responsible can make. These forecasts are crucial to the strength of the Plan. For example, in deciding

The Distribution of Public Expenditures will be changed: Greater Emphasis on Productive Investment



FIRST & CONSOLIDATION PLANS			SEVEN - YEAR PLAN	
£13 million	10%	Productive Investment	37%	£177 million
£122 million	90%	Non - Productive Investment	63%	£298 million

Government Expenditure will increase, especially on the Priority Services—Agriculture, Industry and Education



how much food we shall need to import during the Plan period (which will partly determine how much money is available for other imported goods like machinery) some forecast must be made about how much food will be produced in Ghana. This estimate will be made, taking into account current production, planned extensions of acreage, planned use of machinery, improved seed, fertilizers and so on. But two successive seasons of bad weather could play havoc with the production estimates and the plans. More food might have to be imported, leaving less foreign currency available for machinery. This in turn could slow down the planned rate of growth of industrial and agricultural output.

There are many such forecasts underlying the financial calculations in a Plan, and if the actual performance of the economy diverges too far from these then the financial calculations could be ruined. This makes it very important for everybody to try to achieve the targets set for them in the Plan. In particular those responsible for increasing agricultural and industrial production and for keeping down the rate of consumption will largely determine the success of the Plan.

Where will the money come from?

The total investment during the Plan period is estimated at £G1,016 million. This includes £G141 million for the depreciation which is needed to maintain or replace the capital equipment which will be worn out during the seven years. This investment total is divided into £G476 million of public investment and £G540 million of private investment.

The private investment is expected to be obtained as follows:—

	£G millions
" Direct labour investment "	100
Residents' net private savings	340
New foreign capital: Valco	60
Others	40
	540

The total of £G476 million of government investment is expected to be financed as follows:—

	£G millions
Recurrent budget surpluses	100
Profits of State Corporations	23
Small savings	12
Foreign loans and grants (including Volta)	240
Long-term domestic borrowing	14
Short-term borrowing (deficit financing)	87
	476

Should cocoa prices rise significantly above the average of £G190 per ton which has been assumed, this will increase government's revenues and would reduce the need for the so-called deficit financing, which is a residual element.

THE OFFICE OF THE PLANNING COMMISSION.
December, 1963.